

The Board of Directors is pleased to announce the following:

I. UNAUDITED RESULTS OF THE GROUP FOR THE 4TH QUARTER ENDED 31ST AUGUST 2001

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL 4TH QUARTER		YEAR TO DATE	
	FY2001	FY2000	FY2001	FY2000
Revenue	3,733.6	3,642.6	14,362.6	13,719.1
Operating profit before investment and other income, interest charges, depreciation and amortisation, exceptional items, foreign exchange gain/(loss), taxation and minority interest	975.8	1,045.0	4,387.6	4,433.0
Investment income	0.4	0.7	10.6	5.9
Other income including interest income	55.6	161.2	316.7	435.6
Interest charges	(283.1)	(293.0)	(1,077.6)	(1,062.2)
Depreciation and amortisation	(563.3)	(463.1)	(1,981.3)	(1,692.0)
Exceptional items	-	(332.4)	(373.7)	(332.4)
Operating profit after investment and other income, interest charges, depreciation and amortisation, exceptional items but before foreign exchange gain/(loss), taxation and minority interest	185.4	118.4	1,282.3	1,787.9
Foreign exchange gain/(loss)	50.9	(94.8)	785.5	(371.1)
Share in profits of associated companies	33.7	36.4	125.2	107.0
Profit before taxation and minority interest	270.0	60.0	2,193.0	1,523.8
Taxation	24.9	(51.7)	(122.8)	(230.5)
Profit after taxation but before minority interest	294.9	8.3	2,070.2	1,293.3
Minority interest	10.7	5.9	34.8	39.5
Profit after taxation attributable to shareholders	305.6	14.2	2,105.0	1,332.8
	SEN	SEN	SEN	SEN
Earnings per share-Basic	9.8	0.5	67.8	42.9
Earnings per share-Diluted	9.8	0.5	67.8	42.9

II. UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31ST AUGUST 2001

(Amounts in RM million unless otherwise stated)

	31st AUGUST 2001	31st AUGUST 2000
PROPERTY, PLANT AND EQUIPMENT	48,270.3	45,709.6
INVESTMENT IN ASSOCIATED COMPANIES	725.8	582.0
LONG TERM INVESTMENT	391.0	402.4
LONG TERM RECEIVABLES	-	444.0
CURRENT ASSETS		
Inventories	982.4	1,001.0
Trade receivables	1,532.6	1,663.2
Other receivables	1,783.7	837.7
Cash	870.3	768.3
Securities (quoted and unquoted)	47.7	59.5
Amount due from associated companies	3.9	21.4
	5,220.6	4,351.1

	<u>31st AUGUST 2001</u>	<u>31st AUGUST 2000</u>
CURRENT LIABILITIES		
Trade payables	(1,842.9)	(1,843.3)
Other payables	(1,613.4)	(1,368.2)
Short term borrowings	(3,213.8)	(5,371.6)
Provision for taxation	(390.0)	(325.4)
Proposed dividend	(133.6)	(156.6)
Amount owing to associated companies	<u>(356.2)</u>	<u>(353.2)</u>
	<u>(7,549.9)</u>	<u>(9,418.3)</u>
NET CURRENT LIABILITIES	(2,329.3)	(5,067.2)
LONG TERM LIABILITIES		
Term loans	(25,101.8)	(22,289.9)
Customer deposits	(1,324.9)	(1,224.5)
Retirement benefits	(452.8)	(383.6)
Other liabilities	<u>(110.4)</u>	<u>(123.7)</u>
	<u>(26,989.9)</u>	<u>(24,021.7)</u>
DEFERRED TAXATION	(975.8)	(970.9)
DEFERRED INCOME	(2,149.5)	(2,097.3)
GOVERNMENT DEVELOPMENT GRANTS	<u>(516.6)</u>	<u>(380.0)</u>
	<u>16,426.0</u>	<u>14,600.9</u>
Financed by :-		
SHARE CAPITAL	3,106.8	3,106.2
SHARE PREMIUM	3,143.5	3,140.4
REVENUE RESERVE	8,970.9	7,089.0
REVALUATION RESERVES	1,237.1	1,237.1
FOREIGN EXCHANGE RESERVE	<u>(79.9)</u>	<u>(54.1)</u>
SHAREHOLDERS' FUNDS	16,378.4	14,518.6
MINORITY INTEREST	<u>47.6</u>	<u>82.3</u>
	<u>16,426.0</u>	<u>14,600.9</u>
	Sen	Sen
NET TANGIBLE ASSETS PER SHARE	527	467

III NOTES

(Amounts in RM million unless otherwise stated)

1) ACCOUNTING POLICIES

The same accounting policies and methods of computation used in the preparation of the Group's last annual financial statements have been applied in the preparation of the quarterly financial statements.

2) EXCEPTIONAL ITEMS

Exceptional items for the financial year-to-date relates to the following:-

	YEAR TO DATE	
	FY2001	FY2000
a) Redemption premium and fees (Note 11a) :-		
i) 7.875% USD Notes due 2004	86.9	-
ii) 7.200% USD Notes due 2007	17.2	-
b) Commission and discount on issue of 7.625% USD Notes due 2011 (Note 11a)	19.6	-
c) Provision for diminution of fixed assets in a subsidiary company	<u>250.0</u>	<u>332.4</u>
	<u>373.7</u>	<u>332.4</u>

3) EXTRAORDINARY ITEMS

There were no extraordinary items during the quarter and financial year-to-date.

4) TAXATION

Taxation for the current quarter and financial year-to-date comprises the following:-

	CURRENT QUARTER FY2001	YEAR TO DATE FY2001
Taxation for the Group	(36.1)	78.9
Deferred taxation for the Group	1.8	4.9
Share of tax in associated companies	9.4	39.0
	<u>(24.9)</u>	<u>122.8</u>

The effective tax rate for the Company and the Group for the financial year ended 31 August 2001 is lower than the statutory rate due to the utilisation of brought forward and current capital allowances amounting to approximately RM2,960.2 million.

5) PRE-ACQUISITION PROFITS

No pre-acquisition profits were included in the operating profit for the quarter and financial year-to-date.

6) PROFIT ON SALE OF LONG TERM INVESTMENT

There were no disposals of long term investment during the quarter and financial year-to-date.

7) PURCHASES AND SALES OF QUOTED SECURITIES

a) Cost of total purchases and sales of quoted securities and the gain arising thereon for the quarter and financial year-to-date are as follows:-

	CURRENT QUARTER FY2001	YEAR TO DATE FY2001
Purchases	-	0.1
Sales	1.0	8.4
Gain on sales	0.2	2.6

b) Investments in quoted securities are as follows:-

At cost	62.8	62.8
At carrying value	21.3	21.3
At market value	21.3	21.3

The above quoted securities are managed by external fund managers.

8) CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the quarter and financial year-to-date.

9) STATUS OF CORPORATE PROPOSAL

There was no change in the status of the corporate proposal announced previously but an announcement on this is imminent as parties are in discussion.

10) SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group are not subject to material seasonal or cyclical fluctuations during the period under review.

11) ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

a) On 4th April 2001, TNB purchased USD302.6 million of its 7.875% Notes due June 2004 and USD176.2 million of its 7.200% Notes due April 2007 at a total consideration (excluding accrued interest) of USD505.0 million. Simultaneously, TNB issued USD600.0 million 7.625% Notes due April 2011 which were fully subscribed. On 15th May 2001, USD30.0 million of the USD600.0 million 7.625% Notes due April 2011 were repurchased and cancelled.

b) At its Extraordinary General Meeting held on 31st July 2001, TNB obtained the approval of its shareholders to amend its Memorandum and Articles of Association to facilitate the creation and issue of the Redeemable Preference Shares ("RPS"). The issue of RPS forms part of the proposed Tenaga Income Securities which will be issued for a total cash consideration of RM1,500 million as follows:-

- RM1,498.5 million nominal value of 10-year interest bearing bonds issued at 100% of nominal value and in multiples of RM999,000; and
- 1,500 RPS each issued at a premium of RM999.00 per RPS making a total issue price of RM1,000.00 per RPS.

On 16 August 2001, TNB issued the first tranche of a 10 year RM1.5 billion Tenaga Income Securities ('TIS') amounting to RM1 billion. These TIS consist of :-

- RM999 million nominal value of a 10 year interest bearing redeemable bond issued at 100% of nominal value; and
- 1,000 redeemable preference shares ('RPS') of nominal value of RM1 each issued at a premium of RM999 per RPS.

c) Except for the aforementioned repayment and issuance of debt securities, there were no other issuance or repayment of debt securities, equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares. During the quarter under review, 59,000 ordinary shares of RM1 each were issued under the existing Employee Share Option Scheme ('ESOS').

12) GROUP BORROWINGS

a) The tenure of Group borrowings classified under short and long term categories are as follows :-

Short term - secured	3.9
- unsecured	3,209.9
Sub-total	3,213.8
Long term - secured	69.6
- unsecured	25,032.2
Sub-total	25,101.8
Total	28,315.6

b) Currency denominations:-

French Franc	419.1
Japanese Yen	6,838.5
Sterling Pound	1,104.9
US Dollar	6,979.3
Others	22.6
Total Ringgit equivalent of foreign currency borrowings	15,364.4
Ringgit borrowings	12,951.2
Total	28,315.6

c) Average cost of funding for FY2001 is 5.29% (FY2000: 5.9%)

13) CONTINGENT LIABILITIES

As at 23rd October 2001, contingent liabilities of the Group comprise the following:-

Claims by third parties	618.6
Trade guarantees and performance bonds	24.5
Stamp duties on transfer of assets	108.0
Other contingencies	61.9
	<u>813.0</u>

14) FINANCIAL INSTRUMENTS

(a) Financial Derivative Instruments.

TNB has certain financial instruments including assets and liabilities and financial instruments incurred in the normal course of business. In applying a consistent risk management strategy, the Company manages its exposure to market rate movements of its financial liabilities through the use of the derivatives financial instruments which include interest rate option contracts and currency swap agreements designated as hedges. These instruments are executed with creditworthy financial institutions and the Directors of TNB are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their respective financial strength. Virtually all foreign currency contracts are denominated in U.S dollar and Japanese Yen. Although TNB may be exposed to losses in the event of market fluctuations, it does not anticipate significant losses due to the nature of its hedging arrangements.

TNB has entered into interest rate swap agreements and interest rate and currency swap agreements, some of which have been embedded interest rate or currency options, which may mature from year 2001 to 2007. TNB has entered into these derivatives to reduce its exposure to losses resulting from adverse fluctuations in interest rates or foreign currency exchange rates on underlying debt instruments.

The details and the financial effects of the hedging derivatives that TNB has entered into are described in note 23 to the financial statements of TNB for the year ending 31 August 2000 (pages 38 - 40 of TNB's latest Annual Report). There has been no material change to the terms and conditions of those derivatives between the date of financial statements (dated 7 November 2000) and the date of this announcement.

As at 23rd October 2001, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM5,593.3 million. While this amount is a summation of the notional principal amount of outstanding financial instruments, it is not a measure of the extent of risks that TNB is exposed to.

(b) Forward Foreign Currency Contracts.

As at 23rd October 2001, TNB had entered into several forward contracts to purchase foreign currency totaling RM190.1 million for the purpose of meeting its financial obligations in respect of purchase of goods and services, payment of interest and repayment of loans. All these contracts are denominated in US Dollars and JPY with exchange rates ranging from RM3.7654 to RM3.7730 to one US Dollar and RM3.1444 to RM3.1961 to 100 JPY respectively. The tenor of these contract ranges from 14 to 293 days.

15) MATERIAL LITIGATION

As at 23rd October 2001, there was no material litigation involving the Group except as disclosed in Note 13.

16) SEGMENT REPORT

As the principal business of the Group is the generation and supply of electricity, segmental reporting is deemed not necessary.

17) MATERIAL SUBSEQUENT EVENTS

On 19 September 2001, TNB issued the second and final tranche of a 10 year RM1.5 billion Tenaga Income Securities ('TIS') amounting to RM0.5 billion. These TIS consist of :

- a) RM499.5 million nominal value of a 10 year interest bearing redeemable bond issued at 100% of nominal value; and
- b) 500 redeemable preference shares ('RPS') of nominal value of RM1 each issued at a premium of RM999 per RPS.

18) REVIEW OF PERFORMANCE

Sales of electricity for the quarter increased by 5.8% compared to the previous quarter. However, operating profit decreased by 18.5%. The following is a comparison of sales of electricity and operating profit:-

	INDIVIDUAL QUARTER		YEAR TO DATE
	4th Qtr FY2001	3rd Qtr FY2001	FY2001
Sales of electricity	3,649.9	3,448.3	13,951.8
Operating profit before investment and other income, interest charges, depreciation and amortisation, exceptional items, foreign exchange gain/(loss), taxation and minority interest	975.8	1,196.9	4,387.6

19) FOREIGN EXCHANGE

Foreign exchange gain/(loss) are as follows:-

	INDIVIDUAL QUARTER		YEAR TO DATE
	4th Qtr FY2001	3rd Qtr FY2001	FY2001
Translation (loss)/gain – Borrowings	(11.3)	165.4	742.2
Translation gain/(loss) – Others	23.0	10.3	(19.6)
Transaction gain	39.2	13.3	62.9

The translation loss of the current financial quarter arises from appreciation of Pound Sterling and French Franc against the Ringgit which more than offset the gain arising from the depreciation of the Japanese Yen against Ringgit. Foreign currency loans denominated in Pound Sterling and French Franc are mainly borrowed by a subsidiary.

20) PROSPECTS IN THE NEXT FINANCIAL YEAR

In view of the uncertainty in the near term of the world economy and Malaysian economy in particular and the volatility of the foreign exchange rates, the Board of Directors is cautious of the economic performance of the Group for FY 2002. In the light of this and barring any unforeseen circumstances, the Board of Directors does not expect significant changes in the operating performance of the Group in FY 2002.

21) VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

This note is not applicable.

22) DIVIDENDS

The Board of Directors has recommended a final tax-exempt dividend of 4.3 sen per share (2000: 7 sen less income tax 28%) in respect of the financial year ended 31st August 2001 amounting to RM133.6 million (2000: RM156.5 million). Together with the gross interim dividend of 4 sen per share (2000: 3 sen), the total equivalent gross dividend for the year amounts to 10 sen per share (2000: 10 sen). Subject to approval at the forthcoming Annual General Meeting, the final tax-exempt dividend will be paid on 16th January 2002 to shareholders registered in the Register of Members at the close of business on 26th December 2001.

The Register of Members will be close from 27th December 2001 to 1st January 2002 (both dates inclusive) for the purpose of determining shareholders' entitlement to the dividend.

A Depositor with the Malaysian Central Depository shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 21st December 2001 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 12.30 p.m. on 26th December 2001 in respect of ordinary transfer; and
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

DATIN AZIZAH BINTI OSMAN (LS0014)
Company Secretary

Kuala Lumpur
29th October 2001